Additional Survey Findings

Compiled by American Banker Copyright 1985

Loan Servicing by Savings Institutions

Savings Institutions with $1 Billion or More in Servicing for Others
Third Quarter, 1984
(Thousands of Dollars)

		Loans Serviced For Others	Loan Servicing Fees	Total Assets
1	American Savings & Loan Association, Stockton, Calif.	7,708,585	0	31,219,345
2	Home Savings of America, FA, Irwindale, Calif.	6,148,100	7,204	23,700,615
3	Gill Savings Association, Hondo, Tex.	5,799,087	2,438	1,334,790
4	Mercury Savings Association, Wichita Falls, Tex.	5,047,699	135	578,889
5	City Federal Savings & Loan Association, Elizabeth, N.J.	3,143,566	2,363	7,318,096
6	Anaheim Savings & Loan Association, Calif.	2,963,296	979	648,516
7	Homestead Savings, FS&LA, San Francisco	2,953,696	6,745	2,805,735
8	Home Federal Savings & Loan Association, San Diego, Calif.	2,746,917	2,228	8,333,265
9	Colonial Savings & Loan Association, Fort Worth, Tex.	2,575,431	2,571	358,783
10	Coast Savings & Loan Association, Los Angeles	2,512,106	912	5,789,659
11	Glendale Federal Savings & Loan Association, Calif.	2,415,659	930	11,157,743
12	Standard Federal Savings & Loan Association, Gaithersburg, Md.	2,269,466	1,669	1,034,418
13	Great American First Savings Bank, San Diego	2,042,954	1,580	6,454,247
14	California Federal Savings & Loan Association, Los Angeles	1,985,760	744	16,931,627
15	Great Western Savings, FS&LA, Beverly Hills	1,801,229	1,925	21,116,371
16	First Nationwide Savings, FS&LA, San Francisco	1,580,969	1,048	9,313,100
17	Central Savings & Loan Association, San Diego	1,520,040	610	2,578,531
18	Gibraltar Savings, Beverly Hills	1,443,373	8	8,462,152
19	Empire of America FSB, Buffalo, N.Y.	1,419,383	1,298	5,281,884
20	Standard Federal Bank, Troy,Mich.	1,400,660	890	5,192,939
21	First Federal Savings & Loan Assn. of Arizona, Phoenix	1,400,150	1,169	3,933,248
22	United Savings Association, Houston	1,337,318	551	3,524,201
23	Citicorp SAvings of Illinois, FS&LA, Chicago	1,227,399	1,021	3,953,517
24	University Savings Association, Houston	1,211,481	0	3,143,980
25	Sears Savings Bank, Glendale, Calif.	1,119,361	1,050	5,180,223
26	Pacific Savings Bank, Costa Mesa, Calif.	1,110,243	0	1,758,756
27	Downey Savings and Loan Association, Costa Mesa, Calif.	1,029,484	1,047	2,194,617

Source: Data Resources, Inc., Lexington, Mass. from data institutions file with the Federal Home Loan Bank Board.
For institutions with name and location changes since 9/30/94, American Banker has made the appropriate updates.

Top 25 Mortgage Servicers

Mortgage Companies and Commercial Banks

An Alternative Ranking Based on *Combined* Servicing
Of Permanent Mortgages for Others for Firms with
More than One Mortgage Servicing Subsidiary
(Based on Dec. 31, 1984 Servicing Volume)

Rank	Name of Company	Volume ($Bil.)	No. of Subs
1	Lomas & Nettleton Financial Corp., Dallas	$17,627	...
2	**Fleet Financial Group, Inc., Providence, R.I.**	**11,958**	**3**
3	**Manufacturers Hanover Corp., New York**	**11,931**	**2**
4	Norwest Mortgage Inc., Minneapolis (a)	11,055	...
5	**Citicorp, New York**	**9,312**	**2**
6	Weyerhaeuser Mortgage Co., Los Angeles	8,845	...
7	CrossLand Capital Corp., Los Angeles	8,634	...
8	**First Interstate Bancorp., Los Angeles**	**8,319**	**6**
9	Colonial Mortgage Service Co., Philadelphia (b)	7,351	...
10	**Bank of Boston Corp.**	**7,264**	**3**
11	Kissell Co., Springfield, Ohio	6,878	...
12	Commonwealth Mortgage Corp., Houston	6,837	...
13	Cameron-Brown Co., Charlotte, N.C.	6,620	...
14	Anchor Mortgage Services, Inc., Wayne, N.J.	6,520	...
15	**Goldome Realty Credit Corp., Buffalo, N.Y.**	**6,463**	**2**
16	**PSFS, Philadelphia (d)**	**6,188**	**3**
17	**Mellon National Corp., Pittsburgh**	**6,060**	**4**
18	**BankAmerica Corp., San Francisco**	**5,984**	**3**
19	Sovran Mortgage Corp., Richmond, Va.	5,873	...
20	Richard Gill Co., San Antonio, Tex.	5,843	...
21	Chemical Mortgage Corp., Columbus, Ohio	5,578	...
22	**Sears, Roebuck & Co., Chicago**	**5,185**	**2**
23	Talman Home Mortgage Corp., Chicago	5,166	...
24	Alliance Mortgage Co., Jacksonville, Fla. (c)	5,136	...
25	Colwell Financial Corp., Los Angeles	5,009	...

(a)—General Motors Acceptance Corp. acquired company from Norwest Corp. 3/85. (b)—General Motors Acceptance Corp. is in the process of acquiring the company from CoreStates Financial Corp., Philadelphia, for $190 million. (c)—Owens-Illinois Inc., Toledo, Ohio, acquired company from Florida National Banks of Florida, Inc., Jacksonville, 2/25/85. (d)—PSFS acquired the $3 billion servicing portfolio of First Anaheim Corp., Calif., for $90 million 10/84, an formed a new mortgage subsidiary PSFS Mortgage Corp.-West, Orange, Calif. Data for PSFS Mortgage were received too late to be included in the listing of the top 100 mortgage servicers, however its data are included here. PSFS Mortgage— with $3.0 billion in servicing at yearend would have ranked 39th in the listing of the top 100 firms, if data were received earlier.

The 10 Largest Gainers Among the Top 100 Mortgage Servicers

	(Dollar Amounts in Millions)	Servicing 12/31/84	Servicing 12/31/83	Percent Increase	Mtge. Rank
1	American Savings Mortgage Corp., Miami	1,700.0	300.0	466.73	75
2	CenTrust Mortgage Corp., Fort Lauderdale, Fla.	1,800.0	572.2	214.60	68
3	Equitable National Mortgage Corp., Clearwater, Fla.	1,730.2	707.2	144.64	74
4	Mortgage Investment Co. of El Paso, Tex.	2,436.1	1,222.2	99.32	50
5	New York Guardian Mortgagee Corp., Hempstead, N.Y.	4,241.8	2,163.0	96.11	24
6	Citicorp Homeowners Services, Inc., St. Louis	6,912.3	3,702.0	86.72	9
7	American General Mortgage Corp., Houston	2,417.9	1,317.1	83.58	52
8	Central Mortgage Co., Philadelphia	1,856.3	1,071.6	73.24	66
9	Midland Mortgage Co., Oklahoma City	2,610.3	1,520.1	71.72	43
10	Countryside Funding Corp., Inc., Los Angeles	1,625.0	1,000.7	62.39	79

The 10 Largest Losers Among the Top 100 Mortgage Servicers

	(Dollar Amounts in Millions)	Servicing 12/31/84	Servicing 12/31/83	Percent Decrease	Mtge Rank
1	Northland Mortgage Co., St. Paul, Minn	1,332.0	2,348.0	43.27	96
2	Merrill Lynch Mortgage Corp., Stamford, Conn.	2,467.2	4,207.0	41.35	49
3	Wells Fargo Mortgage Co., Santa Rosa, Calif	3,107.9	4,667.6	33.42	35
4	Crocker Mortgage Co., Inc., Los Angeles	3,300.0	3,958.0	16.62	32
5	Norwest Mortgage Inc., Minneapolis	11,054.6	12,068.0	8.40	3
6	General Electric Mortgage Corp., Portland, Ore	2,896.3	3,116.2	7.06	40
7	United Virginia Mortgage Corp., Richmond	1,929.4	2,073.2	6.94	64
8	Bank of America NT&SA, San Francisco	2,081.4	2,195.0	5.17	61
9	Gilldorn Mortgage Midwest Corp., Schaumberg, Ill.	2,371.4	2,498.7	5.09	55
10	California Mortgage Service, Santa Ana	1,445.9	1,499.3	3.56	90

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Random Thoughts

By SANFORD ROSE

Tom Hoster, who used to head up asset-liability management at Chemical Bank and is now an executive vice president at Mid-America Federal, a $1.2 billion Ohio savings and loan, feels that commercial banks are paying less and less attention to rate-risk management. The obvious reason: Interest rates are both relatively low and relatively stable.

While the banks are putting asset-liability work on the back burners, the thrifts are devoting increasing attention to the problem. So, predicts Mr. Hoster, the top talent in rate-risk analysis will increasingly migrate from banks to thrifts. And when the banks rediscover the need for improved asset-liability work — as they surely must — they will be forced to reattract the talent by bidding it away from the thrifts.

It is difficult to imagine a day when the thrifts, which until recently have been the most incompetent of interest-rate-risk analysts, will become the source of the personnel needed to assist commercial-bank

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Great Western Agrees to Buy Besieged Citadel

Combined Firm Would Be Country's 2d Biggest Thrift

By BART FRAUST

NEW YORK — A besieged "Citadel" and a "white knight" sound like the ingredients of a medieval tale. In fact, they are two of the elements in a financial fight taking place in 20th-century California.

Thrifts

And like in olden times, this white knight's efforts did not go unrewarded. The booty: a portfolio of adjustable-rate mortgages.

Great Western Financial Corp., a savings and loan holding company based in Beverly Hills, Calif., galloped to the rescue of the Glendale-based Citadel Holding Corp., which was battling a group of very dissident shareholders.

Citadel, with $3 billion in assets, is parent of Fidelity Federal Savings & Loan Association, Glendale, the nation's 58th largest thrift institution. The $24 billion-asset Great Western owns Great Western Savings FS&LA, the third biggest thrift in the U.S.

Based on yearend rankings, the combined firm would pass Home Savings of America FA, Irwindale, Calif., into second place.

Under terms of the transaction, which was announced on Monday, each of Citadel's approximately 3.2 million outstanding common shares would be exchanged for 1.2 shares of Great Western.

In New York Stock Exchange trading

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Sears Signs 4 Firms to Accept Discover

Fifth Partner, in Hotel Industry, Is Expected to Join Test of Credit Card

Special to the American Banker

ATLANTA — Sears Roebuck & Co. said Monday that four major companies have agreed to accept Discover, a new financial services credit card that Sears will begin testing in Atlanta this fall.

American Airlines Inc., Budget Rent-a-Car, Denny's Restaurants, and Hospital Corp. of America will honor the card.

"We expect to announce our fifth partner, a major company in the hotel industry, in the near future," Edward R. Telling, Sears chairman and chief executive officer, announced at the company's annual shareholders meeting here. He declined to name the company.

Discover will operate like other major credit cards, but it also will offer access to savings accounts at Sears' financial companies. In addition, Sears plans to join teller machine networks to give its cardholders electronic access to their savings or credit accounts nationwide.

"A national sales force will soon be adding to the list of merchants who will accept the card," Mr. Telling told shareholders. "This July, in preparation for the introduction in Atlanta, a sales team will begin to obtain participation of merchants in Georgia."

The merchants already signed "serve an awful lot of Middle America," Mr. Telling said. American Airlines serves 100 cities in the United States, Bermuda, Canada, Mexico, and Europe; Denny's Restaurants operates

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Marketing

Survey Shows New Product Offerings Have Gotten Back to Basics

By PHILIP T. SUDO

NEW YORK — The theme in new product offerings at banks and thrifts this year, according to a survey set for release today by a Florida research firm, can be summed up in four words: less bundling, more basics.

After two years of designing products to compete with brokerage houses and insurance companies, banks and thrifts "have set their sights on each other," said Robert Ladner, president of Behavioral Science Research in Coral Gables, Fla.

The 40-page study, "New Product Introductions," surveyed 234 banks and 186 thrifts for information on their best and worst new products in 1984, as well as on those products they plan to offer this year.

Based on telephone interviews conducted between February and March this year, the research group found the five most frequently mentioned products planned for introduction in 1985 were: home-equity lines of credit, automated teller machine networks, self-directed individual retirement accounts, credit cards, and financial planning services.

In addition, thrifts also favored consumer loans, tax-deferred annuities, and discount brokerage services. Banks with more than $1 billion in assets showed a likelihood of offering mutual funds, while banks with assets of $500 million to $999 million were planning to introduce asset management accounts and nonlife insurance products.

Despite plans by some banks to introduce asset management accounts and financial planning services, though, the survey found other respondents have either aborted plans to offer those products or have tried them and found them to be overrated.

Asset management accounts are typically modeled after Merrill Lynch's successful Cash Management Account, a product that "bundles" several separate services together into one account. Typically, such an account includes custody and trading of a customer's securities, income collection and deposit into a money market account, a margin account and secured line of credit, check-writing privileges, a credit or debit card, an ATM card, and a consolidated monthly statement.

Contrast with 1983 Study

In a similar study conducted in 1983, Behavioral Science Research found that 70% of institutions with $1 billion or more in assets were interested in or planned to provide asset management accounts, while only 21% were not interested or had no such plans. In 1985, the ratio had almost reversed: Only 16% of the sample were interested in or had plans for the accounts, while 71% were not interested.

"In 1983, there had been a rash of new asset management account offerings, and there was a feeling of urgency among many product marketers that this product was a necessity for the institution to be competitive," the research group's survey said.

"By 1985, the bloom was off the lily: Banks considered it a product that was not generating sufficient revenues, and low net demand made it unprofitable; thrifts considered the product to be putting too much strain on their data processing systems. The major perceived advantage — the ability of the [asset management account] to attract high-asset customers — often resulted in an over-bundled product, gorging the potential customer with product features and packaged benefits."

Top 16 Products in the Pipeline for 1985

	123 Firms with $500-$999 mil. in assets	186 Firms with $1 bil. or more in assets
Home equity line of credit	15%	13%
ATM network	12%	11%
Self-directed IRAs	11%	12%
Credit cards*	7%	12%
Financial planning services	8%	9%
(Non-life) insurance products	5%	11%
Asset management account	9%	7%
Checking account packages*	9%	8%
Discount brokerage services	3%	9%
Consumer loans*	5%	7%
Unsecured line of credit	4%	7%
IRAs*	7%	5%
Mutual Funds	3%	7%
No-frills checking	5%	5%
Electronic home banking	2%	5%
Tax-deferred annuities	4%	4%

Note: Percentages refer to independent products mentioned by respondents. Multiple responses possible for each institution. *Nonspecific

Source: Behavioral Science Research Corp.

The report also found that currently "only one in five financial institutions considered the operational costs [of an asset management account] low enough to make [it] profitable. Two out of five institutions in the $500 million to $999 million-asset category, and more than half of the institutions over $1 billion, felt the costs were too high for profitability." In addition, 22% of those banks with $1 billion or more in assets surveyed "aborted" offering the service last year.

In a telephone interview, Mr. Ladner cited Citibank's troubled Focus account as an example of the product's problems. "The Focus ads were directed toward this enormously large market as a Merrill Lynch [Cash Management Account] clone, without understanding that those customers were already satisfied with what they had. I guess the lesson is, don't try to sell a Merrill Lynch product if you're not Merrill Lynch."

He predicted that those who plan to offer a bundled account when others have "abandoned it" are "in for a rough surprise."

Financial planning services, another highly touted product area in the industry, have some problems, too. The survey found that 18% of banks in the sample with $1 billion or more in assets aborted a financial planning product last year, and 7% rated it the "least successful product of 1984."

"Banks are finding it a tough product to deliver credibly," Mr. Ladner said. "You have to get a person who's competent enough for people to trust. Then the customer wants investment guidance, because it goes hand-in-hand [with financial planning]. But you're prohibited by law from giving it, so you end up telling people how to budget, and you get people without any money asking you to balance their checkbook."

The most successful new products, according to the survey results, appear to be those related to traditional banking services. The forward to the survey begins, "For many banks and thrifts, 1984 was a back-to-basics product year," and the summary concludes, "The emphasis for 1985 is on new products that look like they came from banks." These products include home equity lines of credit, unsecured lines of credit, ATM networks, checking account packages, and conventional IRAs.

"I was delighted to see that the core products are the ones doing really well," Mr. Ladner said. "The exotic products looked really good on paper, but they tried them and they didn't work." ■

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